

**District Court Funds of District No. 23
City of Taylor, Michigan**

**Basic Financial Statement
with Other Supplemental Information
June 30, 2008**

District Court Funds of District No. 23

City of Taylor, Michigan

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Independent Auditor's Report

To the Honorable William Sutherland and
the Honorable Geno Salomone
23rd Judicial District Court
Taylor, Michigan

We have audited the accompanying balance sheet of the District Court Funds of District No. 23 (an Agency Fund of the City of Taylor, Michigan) as of June 30, 2008. This financial statement is the responsibility of District Court No. 23, City of Taylor, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of District Court No. 23, City of Taylor, Michigan as of June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplement information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the balance sheet. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Plante & Moran, PLLC

December 4, 2008



District Court Funds of District No. 23

City of Taylor, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the District Court Funds of District No. 23 (the "Court"), City of Taylor, Michigan's financial performance provides an overview of the Court's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Court's financial statement.

Using this Financial Report

This financial report represents the activities of the funds of the Court during the year. The funds of the Court are Agency Funds. Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. A detailed schedule of collections and disbursements is shown in the other supplemental information portion of the financial report.

The District Court as a Whole

The following table shows, in a condensed format, the assets and liabilities as of June 30 as compared to the prior year:

	2008	2007
Assets - Cash and investments	<u>\$ 773,827</u>	<u>\$ 853,241</u>
Liabilities		
Due to District Control Unit	\$ 471,358	\$ 490,579
Due to other governmental units	188,831	226,940
Refundable bonds	<u>113,638</u>	<u>135,722</u>
Total liabilities	<u>\$ 773,827</u>	<u>\$ 853,241</u>

The Court's combined assets and liabilities decreased 9.31 percent from a year ago, decreasing from \$853,241 to \$773,827. The decrease is due to the descending caseload through June 2008 compared to the fiscal year ended June 30, 2007. Because case filings decreased, receipts were lower and the amount that had not yet been remitted to the other governmental units as of June 30, 2008 decreased as well.

Contacting the Court's Management

This financial report is intended to provide our citizens and customers with a general overview of the Court's activities and to show the Court's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Court administration directly.

District Court Funds of District No. 23

City of Taylor, Michigan

Balance Sheet
June 30, 2008

	Bond Account	Jury and Witness Fee Account	Ordinance Account	Total
Assets - Cash and investments (Note 2)	<u>\$ 113,638</u>	<u>\$ 3,612</u>	<u>\$ 656,577</u>	<u>\$ 773,827</u>
Liabilities				
Due to District Control Unit	\$ -	\$ 3,612	\$ 467,746	\$ 471,358
Due to other governmental units	-	-	188,831	188,831
Refundable bonds	<u>113,638</u>	<u>-</u>	<u>-</u>	<u>113,638</u>
Total liabilities	<u>\$ 113,638</u>	<u>\$ 3,612</u>	<u>\$ 656,577</u>	<u>\$ 773,827</u>

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Balance Sheet
June 30, 2008

Note 1 - Significant Accounting Policies

District Court No. 23 of the City of Taylor, Michigan (the "Court") is reported within the Trust and Agency Funds of the City of Taylor, Michigan (the "City") in the City's basic financial statements at June 30, 2008.

The funds of the Court are Agency Funds. The financial activities of the funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the funds are limited to cash transactions. In accordance with generally accepted accounting principles, there are no component units to be included in the financial statement.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Court has designated one bank for the deposit of its funds. The investment policy adopted by the Court in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Court's deposits and investment policies are in accordance with statutory authority.

The Court's cash and investments are subject to several types of risk, which are examined in more detail below. Cash and investments at June 30, 2008 were comprised of the following:

Deposits	\$	46,727
Investments		727,000
Petty cash		<u>100</u>
Total	\$	<u><u>773,827</u></u>

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Balance Sheet
June 30, 2008

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned. The Court does not have a deposit policy for the custodial credit risk. At year end, all of the Court's deposits (checking and savings accounts) were insured.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Court has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Pooled funds	\$ 727,000	Not rated	N/A

Other Supplemental Information

District Court Funds of District No. 23

City of Taylor, Michigan

Schedule of Cash Receipts and Disbursements Year Ended June 30, 2008

	Bond Account	Jury and Witness Fee Account	Ordinance Account	Total
Cash and Investments Balance - July 1, 2007	\$ 135,722	\$ 4,485	\$ 713,034	\$ 853,241
Receipts				
Fines and fees collected	-	-	9,174,882	9,174,882
Bond receipts	900,441	-	-	900,441
Jury and witness fees	-	3,863	-	3,863
Interest	5,768	-	33,823	39,591
Total receipts	906,209	3,863	9,208,705	10,118,777
Disbursements				
Transfers to:				
District Control Unit General Fund	-	-	6,581,411	6,581,411
State of Michigan	-	-	2,397,555	2,397,555
Wayne County	-	-	236,353	236,353
Bond refunds, restitution, and forfeitures	928,293	-	49,843	978,136
Jury and witness fees	-	4,736	-	4,736
Total disbursements	928,293	4,736	9,265,162	10,198,191
Cash and Investments Balance - June 30, 2008	<u>\$ 113,638</u>	<u>\$ 3,612</u>	<u>\$ 656,577</u>	<u>\$ 773,827</u>

23rd Judicial District Court

**Report to the District Judges
June 30, 2008**



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To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

We have recently completed our audit of the basic financial statements of the 23rd Judicial District Court (the "23rd District Court") for the year ended June 30, 2008. In addition to our audit report, we are providing the following information which includes required audit communications, recommendations, and informational comments which impact the 23rd District Court:

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We are grateful for the opportunity to be of service to the 23rd Judicial District Court. Should you have any questions regarding the comments in this report, please do not hesitate to contact us at (248)352-2500.

Plante & Moran, PLLC

December 4, 2008

Report on Internal Control

December 4, 2008

To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

Dear Judge Salomone and Judge Sutherland:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the 23rd District Court's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that in the past would have been discussed orally with those charged with governance. The purpose of these new standards are to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the 23rd Judicial District Court as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the 23rd District Court's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 23rd District Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the 23rd District Court's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

December 4, 2008

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, Judges Salomone and Sutherland, and other management within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in dark ink, appearing to read "D. Bohrer", is written over a light gray rectangular background.

Douglas G. Bohrer

Results of the Audit

December 4, 2008

To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

We have audited the financial statements of the 23rd Judicial District Court for the year ended June 30, 2008 and have issued our report thereon dated December 4, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 2, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the 23rd District Court. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the 23rd Judicial District Court, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 29, 2008.

To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the 23rd Judicial District Court are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates included in the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements requiring adjustment.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2008.

To District Judges Geno D. Salomone
and William J. Sutherland
23rd Judicial District Court

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 23rd District Court's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the 23rd District Court, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the 23rd District Court, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the 23rd District Court's auditors.

This information is intended solely for the use of Judges Salomone and Sutherland and management of the 23rd Judicial District Court and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in dark ink, appearing to read "D. Bohrer", written in a cursive style.

Douglas G. Bohrer

A handwritten signature in dark ink, appearing to read "Wendy Trumbull", written in a cursive style.

Wendy N. Trumbull

Other Recommendations

23rd Judicial District Court

Other Recommendations

Ticket Control Procedures

In previous years, we have had various discussions about the need for strong ticket control procedures with representatives from both the police department and the 23rd District Court. It is our understanding that procedures were initiated between the 23rd District Court and the police department whereby a process was established to regularly reconcile ticket activity between the two functions. However, there continues to be no process in place in which differences identified during the 23rd District Court's reconciliation process are resolved by the police department.